



## CABINET

Tuesday, 06 September 2022

<b>Subject</b>	Procurement Strategy 2022-2025
<b>Report by</b>	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development
<b>Supporting Officer</b>	Kerry Blair Head of Operations <a href="mailto:kerry.blair@eastssuffolk.gov.uk">kerry.blair@eastssuffolk.gov.uk</a>

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

**Purpose of Report:**

To present the new Procurement Strategy 2022-2025 for adoption.

**Options:**

Members are being asked to adopt the new Procurement Strategy. Adoption will enable the council to use its procurement functions to help support the delivery of its Strategic Plan. It will also ensure improved processes – to support recommendations made by the Audit and Governance Committee.

**Recommendation/s:**

That Cabinet:

1. Approve the Procurement Strategy
2. Review and approve the Implementation Plan
3. Delegate responsibility to the Head of Operations to implement the new plan

## Corporate Impact Assessment

**Governance:**

Elements of this plan have been drawn from the feedback provided by the Audit and Governance Committee. Updates on the progress of the strategy will be provided to the Audit and Governance Committee –and to Cabinet.

**ESC policies and strategies that directly apply to the proposal:**

- Contract Procedure Rules
- ESC Constitution
- ESC Strategic Plan

**Environmental:**

The adoption of the new strategy will support the council's Environmental strategic theme by measuring the impact of the work that we tender, including carbon reduction, green technology and sustainability. It specifically references initiatives to support the delivery of the council's climate change declaration.

**Equalities and Diversity:**

Improved procurement processes aim to ensure that there is a 'level playing field' in the procurement of goods and services. This will ensure that local businesses understand the work that is being tendered by the council – and how to bid to work with ESC.

**Financial:**

Contractual and procurement improvements may have a positive financial impact on the authority however there may be a cost to some of the purchases and implementations required which are yet to be defined.

Improved spend analysis via the Financial Management System (FMS) will require some input from finance team responsible for the system:

- to set up any fields on the financial systems required to provide insight e.g. supplier classification
- to maintain the records such as completing new fields when setting up suppliers
- provision of procurement reports from the financial system.

This work will be covered by the implementation plan and will involve Procurement and Finance teams discussing the best routes to improve the data.

**Human Resources:**

The implementation plan will identify training needs for the team. In particular, there is a need that the procurement team are trained on changes in procurement law, and are develop their ability to review legal documentation, alongside the legal team.

**ICT:**

A focus of the new strategy is the improved use of data to monitor spend and contractual performance. The implementation plan will need to identify ways in which this data is collected.

**Legal:**

The strategy includes input from the council's legal team, who are keen that there is a more holistic approach to procurement with d Legal engaged at an earlier stage in procurements. This could also see specialist legal training for the procurement team as a way of upskilling the team.

**Risk:**

As the procurement landscape is changing rapidly, it is important that the council's procurement strategy is also updated to manage the risks of rapid change within both the policy itself and the purchasing market.

**External Consultees:**

East of England Government Association, Cross Party Working Group of ESC members.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p><b>How does this proposal support the priorities selected?</b></p> <p>A clear strategy for the way the council spends its money, with efficient and effective processes and tools to manage this sits firmly under the <b>Maintaining Financial Sustainability</b> theme – specifically the <b>Organisational Design and Streamlining Services</b> area but would impact other threads too.</p> <p>Due to the far-reaching nature of both procurement activity and the social value impacts of the changes proposed aligning with key aspects of <b>Growing our Economies</b>, <b>Enabling our Communities</b> and, <b>Caring for Our Environment</b>, activities in these area were seen as being a by-product of the proposed changes in procurement.</p>			

Similarly, the improvements delivered by technology and data which are a key aspect of the changes support those themes identified in the **Delivering Digital Transformation** selected.

## Background and Justification for Recommendation

1	Background facts
1.1	<p>This strategy is a proposal for a step change in the council's procurement function. Members consider that this step change is needed for the following reasons:</p> <ul style="list-style-type: none"> <li>• Post Brexit opportunities mean that council has greater freedom to design procurements that support the local economy. The council needs the skills and processes to meet this challenge.</li> <li>• There is cross party agreement (as determined by the cross party Working Group in 2019/20) on the scope of the council's ambition around procurement.</li> <li>• The Audit and Governance Committee has identified the need for process improvements – particularly in the way that the council monitors contract spend and presents contract information to the public.</li> </ul>
1.2	<p>This strategy is wide ranging – and will take time to implement fully. It covers the areas of skills development, technology, policy and business engagement. The strategy groups actions around three areas:</p> <ol style="list-style-type: none"> <li>1. Supporting the Strategic Plan</li> <li>2. Improving Processes</li> <li>3. Staff Development and Training</li> </ol>
1.3	<p>In order to implement this policy, the council has reviewed the role of the Procurement Manager function. With the departure of the current Procurement Manager an opportunity has arisen to seek a more senior, more strategic role to support the commercial objectives of the council, and a recruitment process is currently underway for a Procurement and Commercial Manager.</p> <p>This post – reporting to the Head of Operations – will be responsible for implementing this strategy.</p>
1.4	<p>Over the last 2 years a considerable amount of work has been carried out in relation to procurement practices in East Suffolk, to improve value and ensure good governance. However, with no formal strategy in place, to direct and measure this work, it has led to inconsistencies in approach as well as competing priorities. This has meant that procurement has not be as effective as it could be.</p>
1.5	<p>In 2019 following a motion that to Full Council, a Procurement Task and Finish Group (PTFG) was formed made up of a cross party group of councillors and officers. The PTFG was tasked with looking at how the Council could support local businesses, the use of social value, data gathering, process improvements and to</p>

	provide a consensus on key themes. This has been pivotal in creating this Procurement Strategy.
1.6	The work of PTFG concluded in 2021 and set out some key aims for the Procurement Team but also identified a need for a peer review of procurement practices across the authority.
1.7	<p>The findings of the PTFG included:</p> <ul style="list-style-type: none"> <li>• That East Suffolk Council should make it as easy as possible for local businesses to bid for work.</li> <li>• That our bidding processes should be accessible and streamlined.</li> <li>• That we should measure value other than purely financial value when assessing some tenders – including social value, and environmental impact.</li> <li>• That a detailed healthcheck should be carried out to understand the current position of procurement within the authority.</li> </ul>
1.8	<p>In November 2021, ESC engaged the East of England Local Government Authority (EELGA) to carry out that health check of the council's procurement processes, and to set out proposals on how to improve the procurement function in the authority.</p> <p>As part of this work EELGA consulted with over 40 Councillors, members of CMT and officers throughout the organisation to capture a high-quality cross sample of views.</p> <p>The findings of this health check have been incorporated into this strategy and it's implementation plan. These can be seen in section 3.4 below.</p>
1.9	<p>The outputs of this work identified:</p> <ul style="list-style-type: none"> <li>• A need for better spend data and analysis of this info,</li> <li>• A shift to a category management approach to create better specialisms in Procurement Team knowledge,</li> <li>• That the Procurement Team need involvement the full procurement lifecycle including establishing the need and strategic contract management</li> <li>• Supplier relationship activities to support local business and build deeper long-term relationships with key suppliers.</li> </ul>
1.10	Consideration was also given to future changes in legislation, having been assessed against changes suggested in the governments green paper on procurement reform post Brexit, which is currently working its way through parliament.

## 2 Current position

2.1	This strategy is the first East Suffolk Procurement Strategy. The rules governing procurement processes have been set out in the Contract Procedure Rules (CPR) – part of the council's constitution. The CPR sets out the processes around procurement. This document sets out the council's ambition.
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2.2	The council spends considerable sums each year on the procurement of goods and services. The strategy presents proposals to better link the procurement activity of the council to the authority's objectives – a set out on the Strategic Plan.
2.3	Without a plan for development, we risk missing out on opportunities to improve relationships with our supply chain, understand market conditions, and deliver increased value at a time where it is most critical for the public.
2.4	The strategy also seeks to address issues identified by the Audit and Governance Committee in recent reports.

### 3 How to address current situation

3.1	<p>The new Procurement Strategy sets out a vision for the Council:</p> <p><i>“To help deliver East Suffolk Council’s strategic priorities, through the management of our £66M expenditure by planning ahead, with smarter market engagement and procurement and the effective management of the subsequent contracts and relationships.”</i></p>
3.2	<p>The strategy will provide a clear link between the council’s procurement programme and its wider strategic objectives. Below are some examples of how this can be achieved.</p> <p><b>Growing our economy</b></p> <p>A thriving local economy is a key part of increasing prosperity and wealth creation and reducing inequalities. While we are obliged to comply with national policy, currently set out in the Public Contract Regulations (PCR) 2015, this does not prevent use from helping and encouraging local businesses to work with us, either as a main contractor or a sub-contractor. The strategy will ensure that we:</p> <ul style="list-style-type: none"> <li>• Identify potential procurement exercises where local businesses can be encouraged to bid</li> <li>• Understand the needs and concerns of local businesses, especially where we can make things easier and quicker for them during a procurement process</li> <li>• Provide workshops for the community including setting out where to seek new business opportunities, how to respond to council invitations to quote / tender, prepare good proposals and bids</li> </ul> <p><b>Enabling our communities</b></p> <p>Local businesses, voluntary groups and social enterprises are all important parts of a vibrant community. They contribute knowledge, resources and talent which can often make a difference. They also generate wealth and create value, much of which is spent in the local economy. This links closely with our goal of Growing our Economy. The strategy will ensure that we:</p>

- Have a detailed marketing and communications plan to reach out to all groups, particularly via the use of social media
- Understand the needs of community groups before making buying decisions.
- Identify ways to work with the wider system – including health – to deliver economies of scale and other benefits.

### **Remaining financially stable**

The Council continues to face financial pressures along with all other organisations caused by different things including the impact of Covid-19, changing government priorities and significant increases in the cost of living.

The effective management of our £66M third party expenditure is a key contributor of this strategic goal. This is not about who controls budgets and authorises expenditure but the way we plan, engage with, and help to shape markets and above all, manage our contracts. The strategy will ensure that we routinely:

- Analyse our third-party expenditure and target opportunities to save money and maximise efficiency and economies of scale base and help create a vibrant supply chain.
- To link the work of the procurement team to the councils Medium Term Financial Strategy – identifying opportunities for savings and efficiency.
- Ensure that we have full visibility of our contract portfolio so that we can plan and improve our risk management
- Seek more joint contracts with other public bodies where financial and other benefits are achievable – particularly for non-core services and goods
- Develop our market intelligence and research capability
- Engage early in the process with the business community and to identify opportunities to prepare the local market and encourage involvement from local businesses

### **Delivering digital transformation**

Digital transformation is a cornerstone of a modern, thriving economy. This includes the way in which we trade with suppliers from placing orders to paying invoices. The effort put into managing transaction processes should be proportionate to their value and risk, with far greater use of automation with retrospective audits. This allows scarce resources to be targeted at managing the higher value / risk contracts where financial losses and reputational risks are far more significant. The Strategy will ensure that we:

- Utilise digital technology to drive increased automation and better reporting and analysis capability across the commercial cycle
- Provide accurate and up to date management information to support contract management and improve our forward planning capability



3.3	<p><b>Results of the procurement health check</b></p> <p>In addition to linking the council's procurement processes to the Strategic Plan, the health check referenced in section 1.4 set out a number of recommendations for process improvements.</p> <p>These recommendations also sought to address issues raised by the Audit and Governance Committee in 2020 and 2021.</p> <p>These recommendations are outlined below and are included in the attached implementation plan.</p> <p><b>Contribution to Corporate Goals and Strategy</b></p> <p><b>[R1]</b> The revised Procurement Strategy should align closely with the Council's Strategic Plan.</p> <p><b>[R2]</b> The East Suffolk Procurement Forward Plan should become a shared document with each service department and be capable of informing resource planning and the launch and timing of future procurement exercises.</p> <p><b>Procurement strategy, policy and contract planning</b></p> <p><b>[R3]</b> The Council creates a cross departmental Procurement and Commissioning Transformation Group with senior representatives from Service Departments. This Group will be tasked with working with the Procurement Team to support the strategic realignment, identify opportunities and support communications.</p> <p><b>[R4]</b> Each Service Department head to be tasked with ensuring that copies of contracts and details for the top one hundred suppliers by annual spend are up to date on a digital contracts register.</p> <p><b>Internal relationships and organisational structure</b></p> <p><b>[R5]</b> The Council carries out a controlled survey or diagnostic to ascertain the views of local businesses and existing contractors as to how easy it is to do business with the council and how we can support them.</p> <p><b>[R6]</b> After [R1] and [R5] are completed, the Council reviews its CPRs to ensure that they can support value generation as well as ensure standards of probity and compliance.</p> <p><b>External relationships (contractors and businesses)</b></p> <p><b>[R7]</b> A Procurement Marketing and Communications Plan to be prepared once [R1] and [R6] are complete to ensure the right messages and information reaches the different internal and external target audiences.</p> <p><b>Use of technology and information</b></p> <p><b>[R8]</b> An online contract register service is introduced and populated to provide greater efficiency in the collection of information.</p>

	<p><b>[R9]</b> The ProClass classification is introduced into the finance and accounting system preferably, mapped to the existing financial codes to support better reporting against contracts and procurement categories.</p> <p><b>People, skills development and knowledge</b></p> <p><b>[R10]</b> Key posts / post holders within Service Departments engaged in significant levels of commissioning, procurement or contract and relationship management should be identified for professional development as the needs of the procurement function change.</p> <p><b>[R11]</b> Core skills and knowledge transfer programmes should be made available and offered to identified people / post holders undertaking any procurement activity on behalf of the Council.</p>
3.4	<p>By adopting the proposed strategy members will:</p> <ul style="list-style-type: none"> <li>• Provide a vision for staff, members, and the public on what we want to achieve and how we will deliver this.</li> <li>• Enable the council to move forwards and develop from our current position to that of a local leading exemplar</li> <li>• Ensure the council has plans for thriving in a post Brexit, post covid marketplace, and can more adequately manage emerging procurement risks e.g. Impact of Russia/Ukraine Conflict</li> <li>• Increase our usage of key concepts like sustainable procurement, local procurement, green procurement, social value which support our main strategic aims</li> <li>• Increase our value for money through improved contract management</li> <li>• Allow for measurable performance of procurement.</li> </ul>

4 Reason/s for recommendation	
4.1	The new Procurement Strategy is based on the strategic aims for the authority, making it both relevant and consistent with the council's strategic direction.
4.2	The proposed improvements have been identified by a review carried out by local government procurement experts.
4.3	The strategy supports the recommendations made by the PTFG last year.
4.4	The strategy includes proposals to address findings of the Audit and Governance Committee on improving the transparency of contract data.

## Appendices

Appendices:	
<b>Appendix A</b>	East Suffolk Procurement Strategy 2022
<b>Appendix B</b>	East Suffolk Procurement Strategy Implementation Plan

Background reference papers:	
None	